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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

COMPLETED

ORIGINAL

Transfers Of Excess And Surplus Federal Personal Property-- Impact Of Public Law 94-519

As a result of Public Law 94-519 there has been a decrease in the amount of Government excess personal property unneeded by the Federal agency possessing it transferred to grantees and other non-Federal organizations and a greater proportion of this property is now being used within the Federal Government. More surplus property unneeded by the entire Federal Government is now transferred through the Donation Program to a much wider range of eligible non-Federal recipients.

The amount of excess personal property transferred to non-Federal organizations is still substantial. GAO makes several recommendations to ensure that the transferred property is managed and used as required by the implementing regulations. GAO recommends that GSA improve its procedures for allocating property among the States and take various actions to ensure that State Agencies for Surplus Property, which distribute the property to eligible donees, improve their management of the Donation Program.

In addition, GAO recommends that the Congress clarify the amount of care and handling costs that Federal agencies should recover for surplus property made available through the Donation Program.



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COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

TRANSFERS OF EXCESS AND SURPLUS
FEDERAL PERSONAL PROPERTY--
IMPACT OF PUBLIC LAW 94-519

D I G E S T

Public Law 94-519, implemented in 1977, significantly changed various Government policies and procedures on the transfer of excess and surplus Federal personal property to non-Federal organizations.

The Law had various objectives, including

- restricting the transfer of excess property that might be needed within the Federal Government to non-Federal organizations and
- encouraging the fair and equitable donation of surplus property to meet the needs of a wide range of eligible non-Federal organizations.

HAVE THE OBJECTIVES INTENDED BY
THE CONGRESS IN ENACTING PUBLIC
LAW 94-519 BEEN ACHIEVED?

As intended by the Congress, much less excess property is now being transferred to non-Federal organizations and a greater portion is being transferred to Federal agencies for their use. Also, another major objective of the Law has been achieved by the greater flow of surplus property to eligible donees. (See chs. 2 and 3.)

HAVE THE NEEDS OF NON-FEDERAL
ORGANIZATIONS SERVED BY PRIOR
FEDERAL DISTRIBUTION PROGRAMS
BEEN ADEQUATELY MET?

It is not possible to generalize about the impact of the Law on all non-Federal organizations which formerly received and used excess property to satisfy various program needs. Except for the strong complaints

expressed by grantees of a few Federal agencies and organizations which had received excess property under an economic development program, which was terminated by the Law, knowledgeable Federal officials were aware of no serious adverse effects caused by the Law. (See p. 10.)

HAS THE DISTRIBUTION OF SURPLUS PROPERTY
MET THE RELATIVE NEEDS OF RECIPIENT
ORGANIZATIONS?

The General Services Administration (GSA) and the responsible State agencies appear to be reasonably effective in their efforts to distribute property fairly and equitably. However, GAO found some problems which will require continued management attention. (See p. 42.)

ARE THERE SERIOUS MANAGEMENT WEAKNESSES IN
THE GOVERNMENT'S IMPLEMENTATION OF THE LAW?

Generally, the Law is being carried out effectively. However, the amount of excess property being transferred to non-Federal organizations is still substantial and improvements are needed to ensure that the property is managed and used as required by implementing regulations. For example, GAO found instances where:

- The National Science Foundation (NSF) was transferring to some grantees property costing more than the value of their grants without appropriate approval.
- GSA was approving transfers to NSF grantees of common-use property without requiring that the Treasury be reimbursed 25 percent of the property's acquisition cost as called for in the Law.
- GSA and NSF were approving transfers of property to grantees whose grants were about to expire.

--Some Federal grantor agencies did not have effective surveillance procedures to ensure that grantees were properly using excess property.

GAO also found areas where the management of the surplus property Donation Program could be improved. For example, GAO found instances of:

--Failure of States to submit permanent, legislatively developed Donation Program plans of operation, as required by the Law.

--Inconsistent and possibly excessive service charges assessed by State agencies.

--Inadequate inventory control procedures at the State level.

--Nonuse or improper use of property by donees.

--Insufficient audit and review of the Donation Program. (See chs. 2 and 3.)

HOW HAS PUBLIC LAW 94-519 AFFECTED OVERSEAS EXCESS PROPERTY PROGRAMS?

The impact of GSA's implementation of the Law on Agency for International Development (AID)-financed and voluntary relief agency programs is difficult to determine accurately. Other factors, not directly related to the Law, have also affected these programs. For example, the Law's provision concerning return of excess property located overseas may restrict AID's access to property in Europe. Also, the Law reduced AID's ability to obtain domestic excess property for its grant-funded programs, including those carried out by voluntary organizations. However, use of excess property for AID-financed programs had already declined significantly. For programs funded by the voluntary organizations, only the expected decline in availability of excess European property can be attributed to GSA's implementation of Public Law 94-519. The Law did not change the priorities of these agencies regarding domestic or other foreign excesses. (See ch. 4.)

WHAT ARE THE FEDERAL AGENCIES' PRACTICES
FOR RECOVERING CARE AND HANDLING COSTS
FOR SURPLUS PROPERTY DONATED TO NON-FEDERAL
AGENCIES?

Since 1949 Federal agencies have been authorized to recover their care and handling costs for donated surplus property, but, as discussed in chapter 5, they have followed the policy of collecting only extraordinary costs. Recent congressional action will require the Department of Defense (DOD) to recover greater costs for its surplus property. Chapter 5 discusses DOD's actions to identify the costs to be collected through a surcharge on its property and alternative ways to allocate these costs to the Donation Program. Chapter 5 also presents the results of GAO's questionnaire survey to determine donee organizations' views on the impact of DOD's actions on the Donation Program. On the basis of this survey, GAO believes that (1) imposition of a care and handling surcharge will result in reduced donee participation in the program and (2) the reduction in participation will be significant if the surcharge exceeds 1 percent of the property's original cost.

RECOMMENDATIONS

GAO recommends that the Administrator of General Services and the heads of all Federal agencies, which transfer excess property to their grantees, take various actions to correct the deficiencies noted during GAO's review.

GAO also recommends that the Congress clarify what costs relating to donated property it wants recovered so that the costs will be handled consistently for DOD and civil agency property.

AGENCY COMMENTS

Generally, Federal and State agencies included in the review agreed with GAO's findings and recommendations and indicated corrective actions they would take. These comments, together with GAO's evaluation, are summarized at the end of each chapter of the report. The complete texts of the comments are included as appendixes.

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ACRONYMS

AID	Agency for International Development
DLA	Defense Logistics Agency
DOD	Department of Defense
DPDO	Defense Property Disposal Office
EDA	Economic Development Administration
FEMA	Federal Emergency Management Agency
FPMR	Federal Property Management Regulations
FSG	Federal Supply Group
GAO	General Accounting Office
GSA	General Services Administration
HEW	Department of Health, Education, and Welfare
LEAA	Law Enforcement Assistance Administration
NSF	National Science Foundation
OMB	Office of Management and Budget
SASP	State Agency for Surplus Property
WSSPO	Western State Surplus Property Organization